

Frequently Asked Questions

How will this affect my water and sewer rates?

The rates will not change because of this refinancing. The City intends to use the annual debt service savings to complete needed infrastructure improvements in both the water and sewer systems. The improvements include projects such as:

✓ SEWER CAPACITY UPGRADES

- Liberty Street between Thomas and Dixon increase from 10" to 12"
- Gordon Street between Dixon and US 13 increase from 10" to 15"
- Dixon Street between Liberty and Gordon increase from 10" to 12"
- Clark Street between Dixon and East increase from 8" to 10"
- Rt. 14 to Main Pump Station increase from 15" to 18"

✓ WATER PROJECTS

- New water mains – to replace existing aging infrastructure and to support growth
 - Clark Street
 - US 13 Southbound
 - Liberty Street
- New water tower and new well for the purpose of maintaining fire suppression, water pressure, and volume of water readily available

FAQs continued

Will this affect my taxes?

NO. The City recently took steps to change the way revenues and expenditures are accounted. The Water, Sewer, and General Funds only pay for services they receive. Money received from taxes goes to the General Fund. The General Fund no longer receives subsidies from the Water and Sewer Funds.

If the refinancing is saving money, then why do we need a referendum?

The City of Harrington Charter requires a referendum vote to issue the new bonds even though we are saving money by lowering the interest rate and not extending the original terms of the loans.

Can we refinance all of the City's current loans?

The interest rates on the City's other loans are not high enough to benefit from refinancing. The interest rates range from 1.875% to 2.7%.

Refinancing Referendum

September 2015

***No Tax or Utility
Rate Increases***



Information on the City's plan to save more than \$900,000 by refinancing 4 water and sewer loans to lower rates

City of Harrington

106 Dorman St.

Harrington, DE 19952

(302)398-3530

About the Referendum

Approving this referendum will save the City \$910,267

- ✓ Refinances 4 existing loans (see table below)
- ✓ Saves \$39,026 on annual loan payments
- ✓ Saves \$910,267 in loan payments over the remaining terms of the original loans
 - The loan refinancing does not extend the length of the existing loans
- ✓ Clean Water Advisory State Revolving Fund will refinance the loans at 2% interest
 - Current interest rates on existing loans are 4.5% and 3.25%

Please support this money saving effort by the City and vote **“FOR THE PROPOSED BORROWING”** on the Refinancing Referendum!



Have Questions? Contact any of the following:

City Manager Teresa Tieman.....398-3530
Mayor Anthony R. Moyer.....242-0883

Council Members by District:

1 – Charles W. Porter398-8144
2 – Amy Minner398-8604
3 – Fonda Coleman.....398-3607
4 – Eric Marquis331-4054
5 – Kenneth W. Stubbs398-4706
6 – Duane E. Bivans398-3629

Tentative Schedule for Refinancing Bonds

July 20, 2015 – City Council Meeting

First Resolution to give notice of the City's intent to borrow money

August 17, 2015 – City Council Meeting

- Public Hearing on First Resolution
- Second Resolution to schedule a Special Election

September 15, 2015 – Special Election

12 pm – 7 pm, Price Community Center
Referendum vote for the refinancing bonds

This schedule is subject to change, please see the City's website <http://harrington.delaware.gov> for the most current information.

City of Harrington Debts to be Refinanced

Loan Purpose	Existing Loan Original Amount	Refinanced Amount	Old Rate	New Rate	New Term (Years)	Current Annual Payment	New Annual Payment	Annual Savings	Approximate Savings for Remainder of Loan
Wastewater Treatment Plant Upgrade	\$2,000,000	\$1,482,350	4.50%	2%	21	\$108,080	\$86,793	\$21,287	\$447,027
Farmington Sewer Extension	\$779,300	\$596,106	4.50%	2%	26	\$42,116	\$29,514	\$12,602	\$327,652
Emergency Water Main Project	\$497,000	\$383,647	3.25%	2%	24	\$22,268	\$20,206	\$2,062	\$49,488
Clark Street Water Mains Project	\$210,000	\$176,799	4.50%	2%	28	\$11,352	\$8,277	\$3,075	\$86,100
Totals for Payments and Savings						\$183,816	\$144,790	\$39,026	\$910,267